



Regional Strategies...Global Results



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July 11-13, 2006 • Anaheim, CA

The Employer as the Client:

State Financed Customized Training 2006

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Scope of Study

- Programs supporting customized training: tailored and directed to identified employer(s). May be customized in content, schedule, location, and/or method of training.
- Programs funded with state money, not federal or local money.

Methodology

- Four previous studies by the authors.
- Financial data from 1989 to 2006.
- Web search and data collection.
- Interviews with each program operator.

History

- Attract Northern industry to Southeast states with training services.
- Great Lakes states meet the Southeastern competition with training money.
- Training added for incumbent workers.
- Programs spread nationwide.

Measurement Tools for Study

- Real state spending.
 - Adjusted to 2005 dollars
 - Multiple programs consolidated by state
- Per capita real state spending.
- 5-year averages for spending.
- Rate links to other agencies/programs.

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2006 Snapshot

- Programs in 47 states.
- Total spending \$562 million.
- 1 million people trained.
- Total spending equals 19 percent of state WIA allocations.

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Common Features

- Employer focus.
- Focus on manufacturing and other 'traded sectors.'
- Flexible on training content, delivery.
- Little trainee targeting.
- Employer match always required.
- Few evaluations.

Common Features continued

- 19 states have strong links to economic development.
- 17 states have strong links to community and technical college systems.
- No states have strong links to WIA system.

Services or Contracts

- 35 states contract with employers; employers can do their own training or contract it out to public schools or private vendors.
- 7 states provide training services only, through community or technical colleges.
- 5 states do both.

Sources of Money

General Fund	42%
UI off-set tax	39%
Bonds	15%
Tax credits	2%
Lottery	1%

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New vs. Incumbent Workers

	1989	2006
Incumbent workers	51%	58%
New employees	49%	42%



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Administrative Agencies

	1990	2006
Education	33%	20%
Economic Development	52%	48%
Workforce Development	16%	31%

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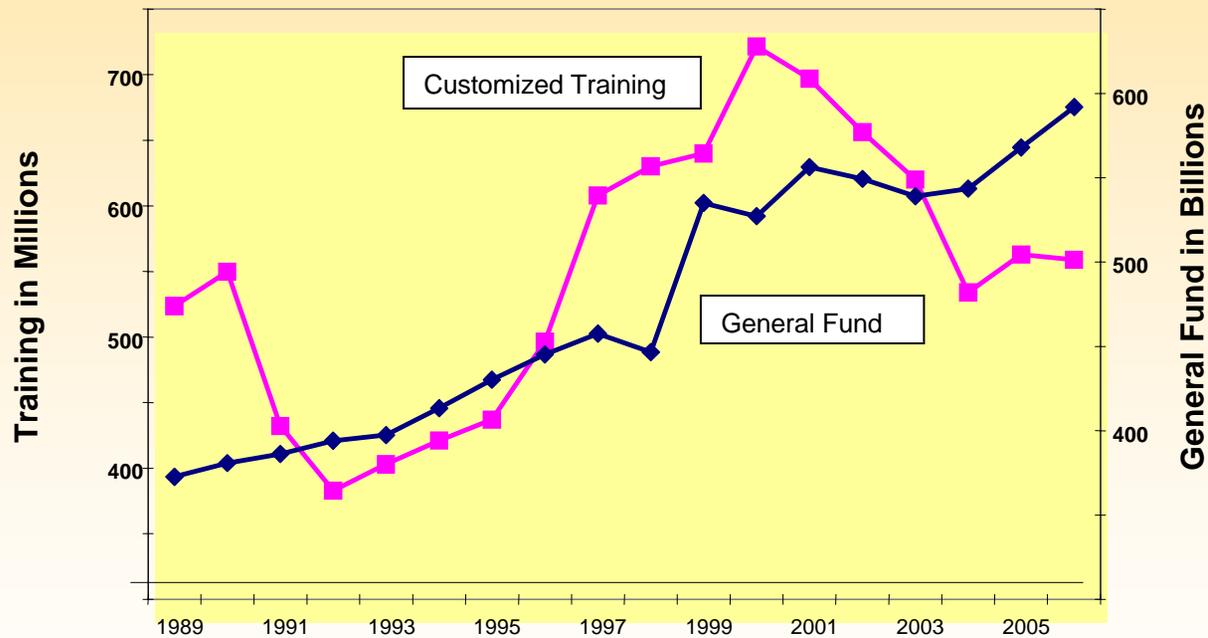
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Real Spending Tracks General Fund



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Total Annual Real Budgets

(in Millions)

1989	\$524	1996	\$496	2003	\$620
1990	\$550	1997	\$608	2004	\$534
1991	\$432	1998	\$630	2005	\$563
1992	\$383	1999	\$640	2006	\$559
1993	\$403	2000	\$721		
1994	\$421	2001	\$697		
1995	\$437	2002	\$656		

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Average Annual Spending

(Inflation adjusted)

Early 90s	\$415 million
Late 90s	\$619 million
Early 2000s	\$613 million



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% of National Spending by Region

	Early 90s	Late 90s	Early 200s
Far West	30%	20%	15%
Great Lakes	26%	15%	13%
Middle Atlantic	9%	10%	13%
Northeast	3%	3%	6%
Plains	12%	17%	17%
Rocky Mountain	1%	2%	2%
Southeast	16%	19%	28%
Southwest	4%	14%	6%

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States in Order of Spending (in millions)

IA	\$63	IL	\$18	VA	\$8	MD	\$4	VT	\$2
CA	\$52	OH	\$17	AL	\$7	NY	\$4	SD	\$2
LA	\$44	TN	\$17	MN	\$7	WV	\$3	WA	\$2
MO	\$31	IN	\$15	AK	\$6	WI	\$3	MT	\$1
PA	\$30	AZ	\$11	KY	\$6	UT	\$3	DE	\$1
NJ	\$29	NM	\$10	OK	\$5	CO	\$3	HA	\$1
MS	\$28	MI	\$10	FL	\$5	ME	\$3	NV	\$1
GA	\$22	NE	\$9	SC	\$5	WY	\$2	CT	\$0
MA	\$21	RI	\$8	KS	\$5	AR	\$2	NH	\$0
TX	\$20	NC	\$8	ID	\$4	ND	\$2	OR	\$0

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States in Order of Per Capita Spending

IA	\$42.48
MS	\$24.64
LA	\$23.01
AK	\$19.32
RI	\$16.93
NM	\$12.43
MO	\$11.60
NE	\$9.54
WY	\$9.04
NJ	\$7.04

MA	\$6.54
ID	\$6.32
TN	\$6.27
VT	\$5.94
IN	\$5.79
GA	\$5.72
ND	\$5.35
PA	\$5.27
AZ	\$4.56
SD	\$4.44

WV	\$4.35
ME	\$4.10
KS	\$3.76
AL	\$3.65
CA	\$3.54
OK	\$3.50
OH	\$3.17
MT	\$3.05
KY	\$3.05
IL	\$2.97

SC	\$2.76
DE	\$2.75
UT	\$2.74
MN	\$2.48
MI	\$2.28
VA	\$2.25
NC	\$2.17
TX	\$2.09
AR	\$2.05
HA	\$2.02

MD	\$1.47
CO	\$1.21
WI	\$1.10
FL	\$0.65
WA	\$0.53
NY	\$0.41
NV	\$0.41
CT	\$0.00
NH	\$0.00
OR	\$0.00

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Issues

- Generally volatile, low funding levels.
- Disagreement over role of government in funding 'specific' training; unease about funding employers.
- Convergence with demand-driven models.
- Convergence with WIA incumbent worker funding.

Recommendations

- Evaluate programs by measuring change in earnings after training.
- Reward successful agencies with more responsibility for state programs.
- Expand opportunities to learn from other states.